

EX PARTE OR LATE FILED

92-258

FEB 13 1993

Comments to the Federal Communications Commission FCC MAIL BRANCH
Leased Commercial Access

General Comments

When Congress adopted changes to the regulations governing the cable television industry, the impact was wide ranging in its attempt to control a variety of issues. While many sides argued before the Commission their points of view, our perception of the discussions released by the Commission were that financial considerations were on top of the agenda.

Specifically, discussions on leased commercial access revealed how important financial considerations were to cable operators. In the FCC's discussions (pg. 303-334) operators such as Cox, Time Warner, Fox and TCI were given their input on the regulations. Noticeably absent from the discussions were leased cable users.

Our four years of experience as leased commercial access user does give us more insight on the issue. The Commission, in its discussions (Leased access reporting requirements, pg. 325), entered into the record the admission there is very little information on the subject. We are submitting our comments for consideration by the Commission in the hopes of needed revisions to the current regulation.

Subsection 76.970 Commercial leased access rates

(a-e inclusive)

In defining the maximum implicit fee a cable operator may charge a commercial leased access user, the FCC opted for a rate card based on the number of channels, subscribers and types of services. While the formula does appear simple and fair, the end result contradicts Congress' intention to develop a diverse and competitive market for commercial leased access.

For the past three and one-half years, we have been trying to obtain a leased channel with Dimension Cable, which operates the cable system in the neighboring community. Under the provisions of the 1984 cable regulations, they were not required to provide leased cable access on channels due to their number of activated channels.

Comments to the Federal Communications Commission

Leased commercial access (cont'd.)

When the cable regulations were revised, the new rules required operators to provide commercial leased access. Our discussions with Dimension Cable were placed on hold until the FCC formula was released. When the numbers were released, we were shocked by the final tally.

Enclosed is Item #1, Dimension's rate sheet for commercial leased access. The maximum implicit fee we could be charged for channel space is 56 cents per subscriber, which adds up to \$6,948.00 a month, \$83,370.00 per year. For a community with just over 12,000 subscribers, the price is outrageous.

Further discussions with Dimension Cable indicate they are reluctant to work with a lower rate. Phone conversations have revealed their fear of setting a precedent other systems may follow. Their point is their Phoenix system may object to a lower rate.

The current rate structure would mean a cable programmer such as ourselves would need to pay over \$92,000.00 a month, over 1 million dollars a year to gain a channel. The comparison between the two systems points out the weakness of the rate guide.

If the FCC's contention of creating a diverse and competitive market for commercial leased access is to be realized, the rate structure must be changed.

Subsection 76.970

(f) & (1), (2), (3)

It appears the main flaw in the current rate guide is with the categories for commercial leased access. The FCC's definition of the three categories implies all leased access programmers are satellite based. Such an assumption also implies satellite programmers, with a large capital investment, can afford the commercial leased access rate. The perception is reinforced by additional provisions covering the broadcast and low power stations, which can utilize the "must carry" rules currently in place. It would appear any other form of reception by a cable system does not exist, since they are not covered by the FCC.

Comments to the Federal Communications Commission

Leased commercial access (cont'd.)

Obviously, other forms of transmission/reception do exist. In our case, we currently feed a direct signal, via cable, to our cable company's headend. The ease and reliability of our signal

outlying residential areas. They may provide specialized programming, such as minority, foreign language and religious views. The Commission needs to consider creating sub-categories of leased access and create a rate card for each.

Comments to the Federal Communications Commission

Leased commercial access (cont'd.)

Subsection 76.971

(a) (1-i-ii-iii)

The Commission does set down guidelines on the issue of channel placement. The guidelines of the nature of the service, the desirability of the channel could be used in establishing a more reasonable rate formula.

Closing Comments

The Commission in receiving additional information on different forms of leased access will need to re-examine their current regulations.

If additional information on leased access is needed, we can provide a detailed background report on our station.

06/22/93

P-1

LEASED ACCESS RATES
BULLHEAD CITY

EX PARTE OR LATE FILED

** STANDARD CATEGORY **
PER HOUR PRIME \$14
PER HOUR NON-PRIME \$5
PER MONTH \$6,948
PER YEAR \$83,370

** PAY CHANNEL CATEGORY **
PER CHANNEL/PER MONTH \$19,773
PER CHANNEL/PER YEAR \$237,271

** PPV EVENT CATEGORY **
PER HOUR ERR

** HOME SHOPPING CATEGORY **
PER HOUR PRIME \$18
PER HOUR NON-PRIME \$6
PER MONTH \$8,751
PER YEAR \$105,006

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LEASED ACCESS RATES WORKSHEET

06/22/93

--> INDICATES INPUT REQUIRED

(1)	SYSTEM	-->	BULLHEAD CITY	
(2)	BASIC SUBS	-->	12.469 (5/31/93 HP RPT)	
(3)				
(4)	REQUIRED CHANNEL FORMULA			
(5)	ACTIVATED CHANNELS	-->	36	
(6)	LESS MC'S AND NOE'S (1)	-->	8	
(7)	CHANNEL SUBTOTAL		28	
(8)	MAXIMUM LEASED ACCESS CHANNELS REQUIRED (10% OF #7)		3	
(9)	LESS TLC AND/OR BET (2)		0	
(10)	NET LEASED ACCESS CHANNELS REQUIRED		3	
(11)				
(12)				
(13)	1) 'ALL OTHERS' CATEGORY			
(14)	BASIC AND TIER RATE	-->	\$21.07	EFFEC 8/92
(15)	NUMBER OF CHANNELS ON BASIC AND TIER		36	
(16)	RATE PER BASIC SUB		\$0.59	
(17)	TIER PENETRATION RATE	-->	95.20%	(5/31 HP RPT)
(18)	IMPLICIT FEE -- PER BASIC SUB/PER MONTH		\$0.56	
(19)	RATE PER CHANNEL PER MONTH		\$6,948	
(20)	RATE PER CHANNEL PER YEAR		\$83,370	
(21)	UNWEIGHTED PER CHANNEL PER HOUR		\$9.52	
(22)	WEIGHTED PER HOUR PRIME (7-11)		\$14.28	
(23)	WEIGHTED PER HOUR NON-PRIME		\$4.76	
(24)				
(25)				
(26)	2) PAY CHANNEL CATEGORY			
(27)	HBO RETAIL RATE	-->	\$10.95	
(28)	HBO LICENSE FEE	-->	\$4.34	PER 4/93 INVOICE
(29)	MARGIN	-->	\$6.61	
(30)	HBO PENETRATION		23.99%	
(31)	IMPLICIT FEE -- PER BASIC SUB/PER MONTH		\$1.59	
(32)	RATE PER CHANNEL PER MONTH		\$19,773	
(33)	RATE PER CHANNEL PER YEAR		\$237,271	
(34)				
(35)				
(36)	3) PPV EVENT CATEGORY			NO PPV CAPABILITY
(37)	EVENT NAME AND DATE	-->		
(38)	NUMBER OF HOURS OF EVENT	-->		
(39)	NET REVENUES FROM EVENT	-->		
(40)	IMPLICIT HOURLY RATE FOR PPV EVENTS		ERR	
(41)				
(42)				
(43)	4) HOME SHOPPING CATEGORY			
(44)	IMPLICIT FEE -- PER SUB (FROM 'OTHERS')		\$0.56	
(45)	MONTHLY HOME SHOPPING REVENUE	-->	\$1,803	AVG 4/92-3/93
(46)	REVENUE PER BASIC SUB/PER MONTH	PLUS	\$0.14	
(47)	MONTHLY HSN AD PURCHASES	-->	\$0	
(48)	HSN AD REVENUE PER BASIC SUB/PER MONTH	PLUS	\$0.00	
(49)	MONTHLY IMPACT TO QVC EQUITY PLAN	-->	\$0	
(50)	IMPACT TO QVC PLAN --PER BASIC SUB PER MONTH	PLUS	\$0.00	
(51)	NET IMPLICIT FEE -- PER SUB PER MONTH		\$0.70	
(52)	RATE PER CHANNEL PER MONTH		\$8,751	
(53)	RATE PER CHANNEL PER YEAR		\$105,006	
(54)	UNWEIGHTED PER CHANNEL PER HOUR		\$11.99	
(55)	WEIGHTED PER HOUR PRIME (7-11)		\$17.99	
(56)	WEIGHTED PER HOUR NON-PRIME		\$6.00	

(1) Cannot subtract PEG channels

(2) The 92 Cable Act allows for qualified minority and educational programming to count towards up to 33% of required leased access requirements. BET and TLC qualify if launched after July 1, 1990.

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06/22/93

7.5

DETAIL AD RATES FOR DETERMINING PRIME/NON-PRIME RATES
BULLHEAD CITY

	NON PRIME	PRIME	
ESPN	\$50.00	\$150.00	USED PHX RATIO
CNN			
TNT			
LIFETIME			
REG SPORTS			
MTV			
AVG	\$50.00	\$150.00	100.00 avg
INDEX T	0.50	1.50	leased.wk3